



ALLIANCEBERNSTEIN®

February 13, 2018

FOURTH QUARTER 2017 REVIEW

Seth P. Bernstein President & Chief Executive Officer

John C. Weisenseel Chief Financial Officer

Cautions Regarding Forward-Looking Statements

Certain statements provided by management in this presentation are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of these factors include, but are not limited to, the following: the performance of financial markets, the investment performance of sponsored investment products and separately-managed accounts, general economic conditions, industry trends, future acquisitions, competitive conditions, and current and proposed government regulations, including changes in tax regulations and rates and the manner in which the earnings of publicly-traded partnerships are taxed. AB cautions readers to carefully consider such factors. Further, such forward-looking statements speak only as of the date on which such statements are made; AB undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. For further information regarding these forward-looking statements and the factors that could cause actual results to differ, see “Risk Factors” and “Cautions Regarding Forward-Looking Statements” in AB’s Form 10-K for the year ended December 31, 2017. Any or all of the forward-looking statements made in this presentation, Form 10-K, other documents AB files with or furnishes to the SEC, and any other public statements issued by AB, may turn out to be wrong. It is important to remember that other factors besides those listed in “Risk Factors” and “Cautions Regarding Forward-Looking Statements,” and those listed below, could also adversely affect AB’s financial condition, results of operations and business prospects.

The forward-looking statements referred to in the preceding paragraph include statements regarding:

- + **The pipeline of new institutional mandates not yet funded:** Before they are funded, institutional mandates do not represent legally binding commitments to fund and, accordingly, the possibility exists that not all mandates will be funded in the amounts and at the times currently anticipated, or that mandates ultimately will not be funded.
- + **The possibility that AB will engage in open market purchases of Holding Units to help fund anticipated obligations under our incentive compensation award program:** The number of Holding Units AB may decide to buy in future periods, if any, to help fund incentive compensation awards is dependent upon various factors, some of which are beyond our control, including the fluctuation in the price of a Holding Unit and the availability of cash to make these purchases.
- + **The possibility that, based on the below factors, we will not be able to meet our stated 2020 margin target:** We have adopted a goal of increasing our adjusted operating margin from 27.7% (which we achieved for 2017) to a target of 30% by 2020. In setting our this target, we have made significant assumptions with respect to, among other things:
 - + the levels of positive net flows into our investment services;
 - + the level of growth (in terms of additional AUM) in our alternatives product business;
 - + the rate of increase in our fixed costs due to inflation and similar factors, the transitional costs related to our relocation strategy and the timing of such costs, the success we have in achieving planned new cost reductions (including those relating to our relocation strategy) and the timing of such cost reductions, and the investments we make in our business;
 - + general conditions of the markets in which our business operates, including modest continued appreciation in both equity and fixed income total investment returns.

While our 2020 margin target is presented with numerical specificity, and we believe the target to be reasonable as of the date of this report, the uncertainties surrounding the assumptions we discuss above create a significant risk that these assumptions may not be realized. Accordingly, our 2020 margin target may not be achieved, particularly if actual events adversely differ from one or more of our key assumptions.

Seth P. Bernstein

President & Chief Executive Officer

Firmwide Overview: Fourth Quarter and Full Year 2017

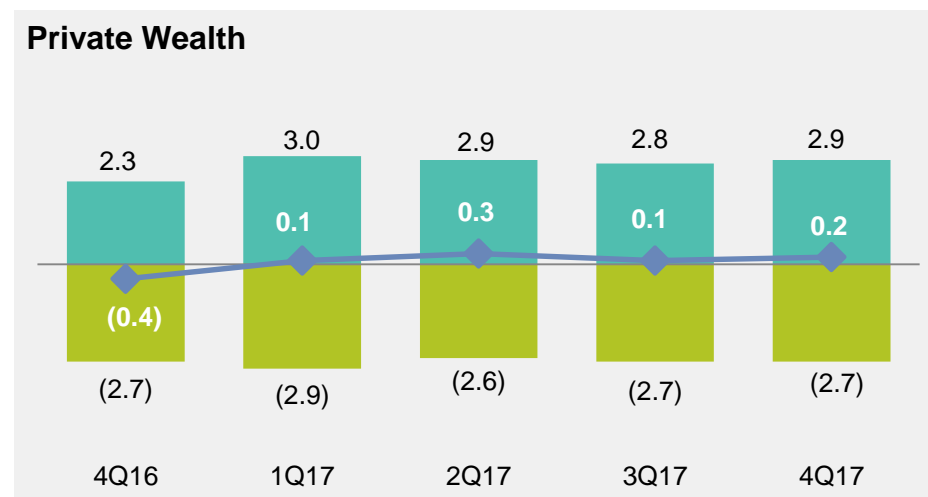
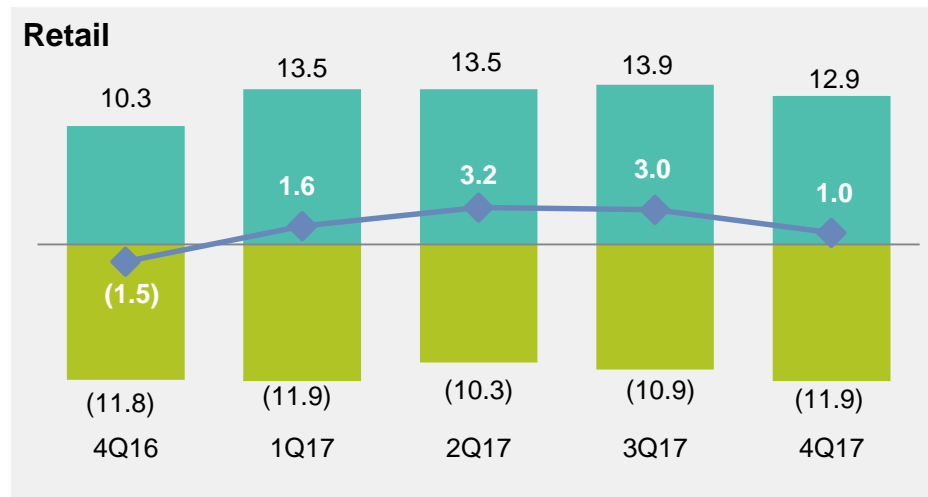


US \$ Billions; scales differ by chart

(1) 4Q17: \$5.5B active net inflows and \$1.3B passive net outflows; 4Q16: \$1.7B active net inflows and \$1.8B passive net outflows. 2017: \$19.1B active net inflows and \$5.9B passive net outflows. 2016: \$8.1B active net outflows and \$1.7B passive net outflows. Additionally, 2016 includes \$7.6B of active outflows related to an Institutional alternative investment portfolio termination and \$6.7B of active outflows related to the conclusion of the Rhode Island College *Bound 529* fund relationship.



Asset Flows by Distribution Channel: Quarterly Trend

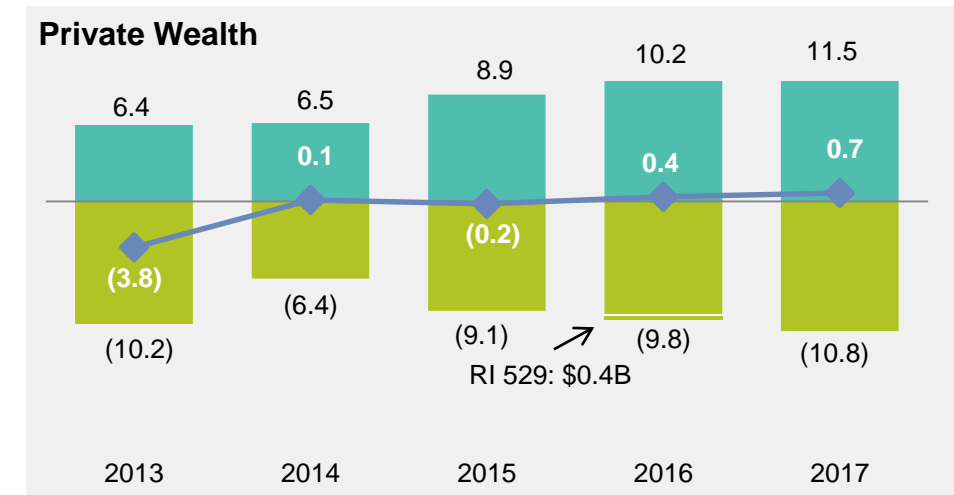
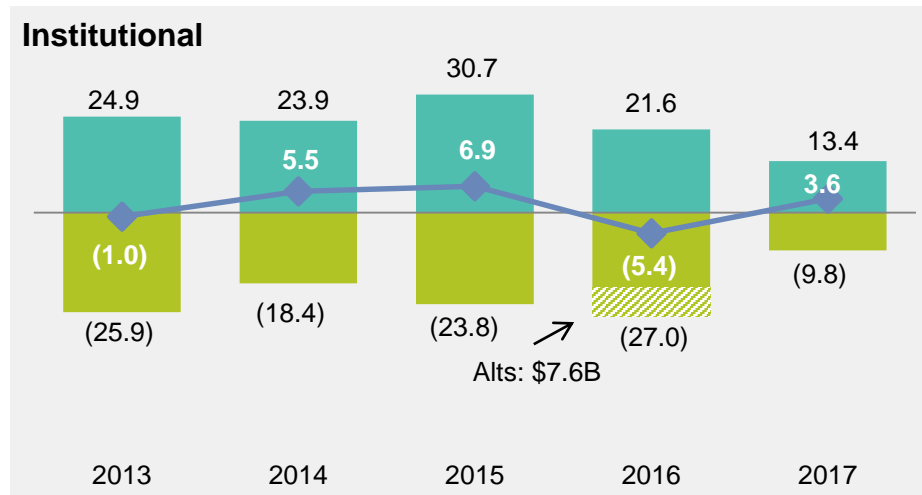
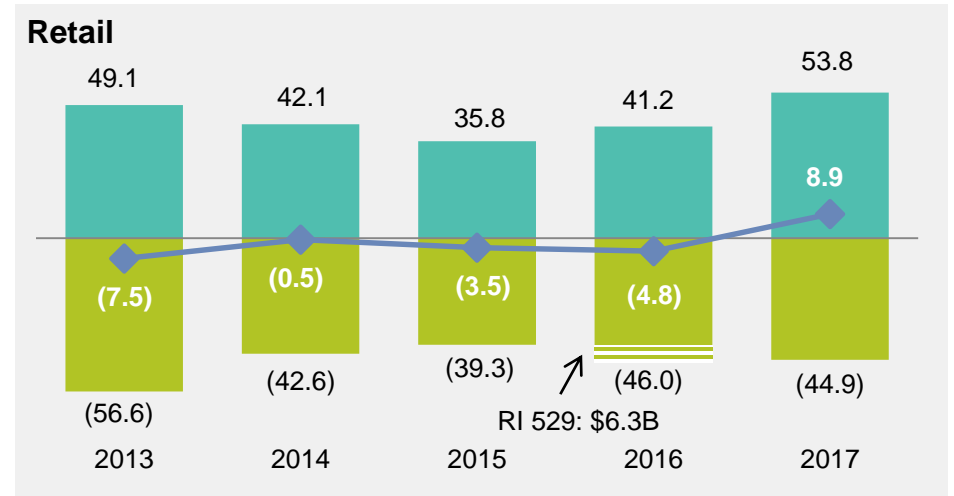
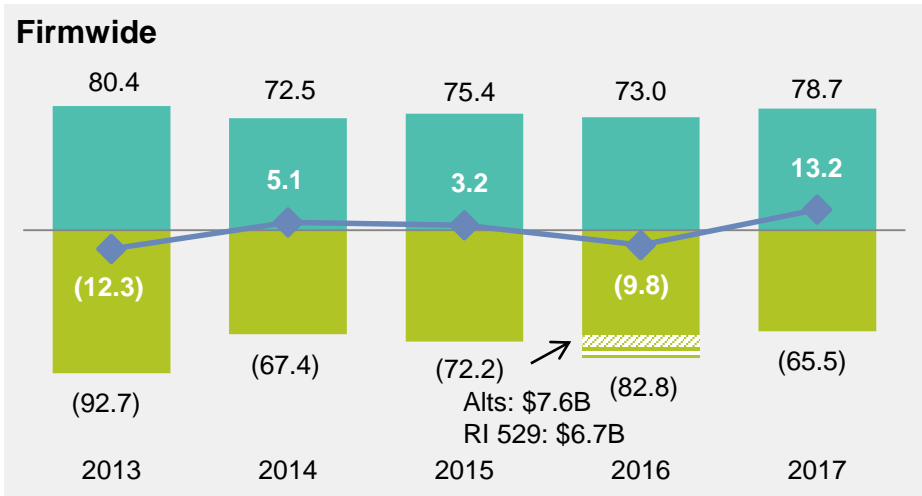


■ Gross Sales ■ Gross Redemptions ◆ Net Flows

US \$ Billions; scales differ by chart



Asset Flows by Distribution Channel: Annual Trend

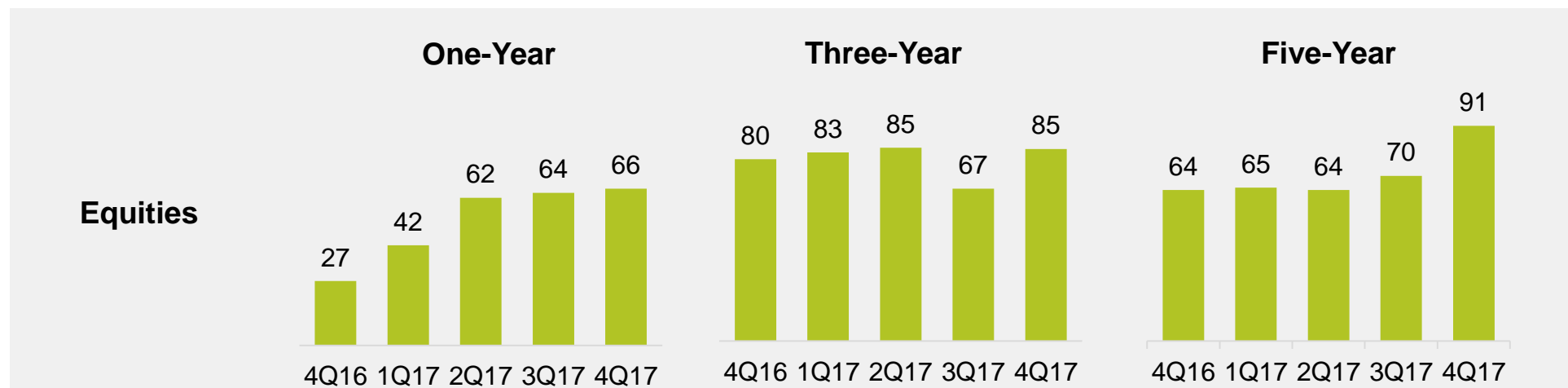
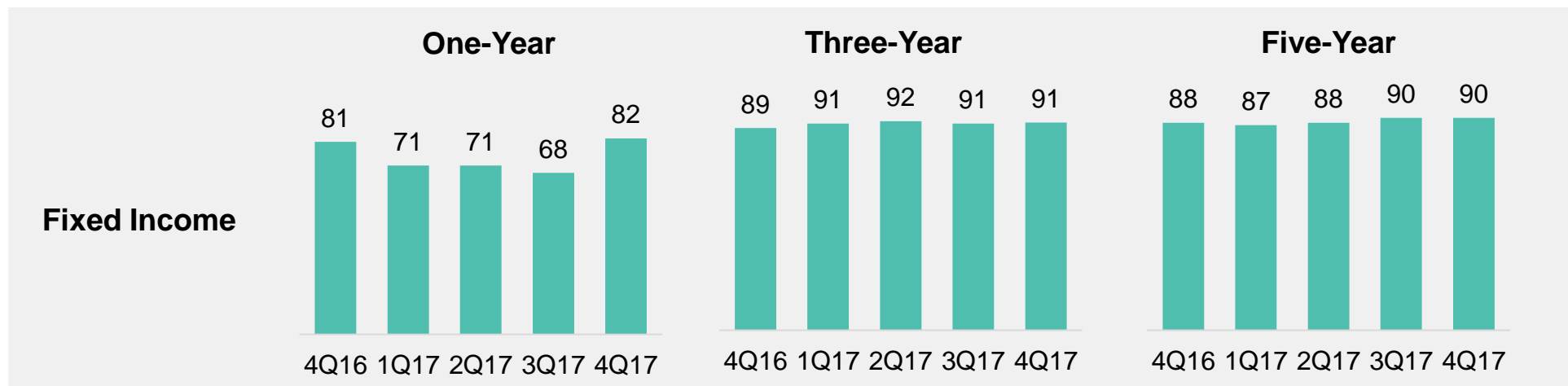


US \$ Billions; scales differ by chart

■ Gross Sales ■ Gross Redemptions ◆ Net Flows



Percentage of Assets Outperforming at Quarter-End



Percentage of active fixed income and equity assets in institutional services that outperformed their benchmark gross of fees and percentage of active fixed income and equity assets in retail Advisor and I share class funds ranked in the top half of their Morningstar category. Where no Advisor class exists, A share class used. As of December 31, 2017.



Fixed Income Investment Performance

Retail Service	Performance vs. Morningstar Category Average Through 12/31/17					
	1 Year		3 Year		5 Year	
	Relative (%)	Percentile	Relative (%)	Percentile	Relative (%)	Percentile
Offshore						
American Income Portfolio	(0.8)	48	0.9	28	0.7	22
Emerging Markets Debt Portfolio	(1.0)	58	1.3	28	1.3	30
Emerging Markets Local Currency Debt	1.7	16	1.0	21	0.8	24
European Income Portfolio	1.8	26	1.5	18	1.5	19
Global High Yield Portfolio	0.7	29	0.7	31	0.4	32
Mortgage Income Portfolio	1.5	24	1.7	12	N/A	N/A
Euro High Yield Portfolio	1.7	12	0.2	27	0.7	18
US Taxable						
Global Bond Fund	(3.8)	79	1.1	21	2.0	14
High Income Fund	1.7	16	1.4	12	1.3	13
Income Fund	2.6	3	2.0	2	1.6	3
Municipals						
High Income Municipal Portfolio	2.8	9	1.2	13	0.9	16
Intermediate Diversified Muni	1.0	12	0.5	18	0.4	18
Municipal Income National Portfolio	1.4	15	0.9	11	0.7	16

Past performance does not guarantee future results.

Relative Performance is calculated against the Fund's Morningstar Category and Percentile Ranking is determined by Morningstar Ranking Methodology. Where no Advisor class exists, I share class used. Morningstar Categories: American Income – USD Flexible Bond; Emerging Markets Debt – Global Emerging Markets Bond; Emerging Markets Local Currency Debt – Global Emerging Markets Bond – Local Currency; European Income – EUR Flexible Bond; Global High Yield – Global High Yield Bond; Mortgage Income – USD Flexible Bond; Euro High Yield – EUR High Yield Bond; Global Bond – World Bond; High Income – High Yield Bond; AB Income – Intermediate-Term Bond; High Income Municipal – High Yield Muni; Intermediate Diversified Muni – Muni National Short; Municipal Income National – Muni National Interm. As of 12/31/17. Source: AB and Morningstar.



Equities Investment Performance

Retail Service	Performance vs. Morningstar Category Average Through 12/31/17					
	1 Year		3 Year		5 Year	
	Relative (%)	Percentile	Relative (%)	Percentile	Relative (%)	Percentile
Offshore						
Select US	1.6	24	1.1	37	1.2	37
US Thematic	13.5	2	4.7	2	3.5	1
Concentrated Global	1.7	34	1.9	24	N/A	N/A
Global Low Vol ⁽¹⁾	(3.4)	84	2.1	14	3.9	6
Global Core	1.8	25	2.2	14	2.6	16
Global Thematic	8.0	8	2.5	19	1.8	26
European Equity	5.3	6	5.0	1	4.5	1
Emerging Markets Growth	2.6	31	2.2	16	3.4	8
Emerging Markets Low Vol ⁽¹⁾	(2.3)	67	2.0	19	N/A	N/A
US						
Large Cap Growth	4.0	23	3.5	8	3.3	7
Discovery Growth	8.8	7	2.1	18	0.9	31
Discovery Value	(0.2)	52	1.8	24	1.6	21
Concentrated Growth	(4.7)	80	(1.6)	77	(0.1)	56
Relative Value	3.1	19	1.8	16	1.3	23
International Value	3.1	25	1.8	17	1.5	19

Past performance does not guarantee future results.

Relative Performance is calculated against the Fund's Morningstar Category and Percentile Ranking is determined by Morningstar Ranking Methodology. Where no Advisor class exists, I share class used. Select US – US Large-Cap Blend; US Thematic – US Large-Cap Blend – representative of US Thematic and Strategic Research SMAs; Concentrated Global – Large Cap Growth; Global Low Vol – Global Large-Cap Blend; Global Core – Europe Large-Cap Value; Global Thematic – Global Large-Cap Growth; European Equity – Europe Large-Cap Value; Emerging Markets Growth – Global Emerging Markets; Emerging Markets Low Vol – Global Emerging Markets Equity; Large Cap Growth – Large Growth; Discovery Growth – Mid-Cap Growth; Discovery Value – Mid-Cap Value; Concentrated Growth – Large Growth; Relative Value – Large Value; International Value – Foreign Large Value. As of 12/31/17. Source: AB and Morningstar.

(1) Given the lower volatility targets of the Low Vol strategies, a proper universe comparison does not currently exist in Morningstar.



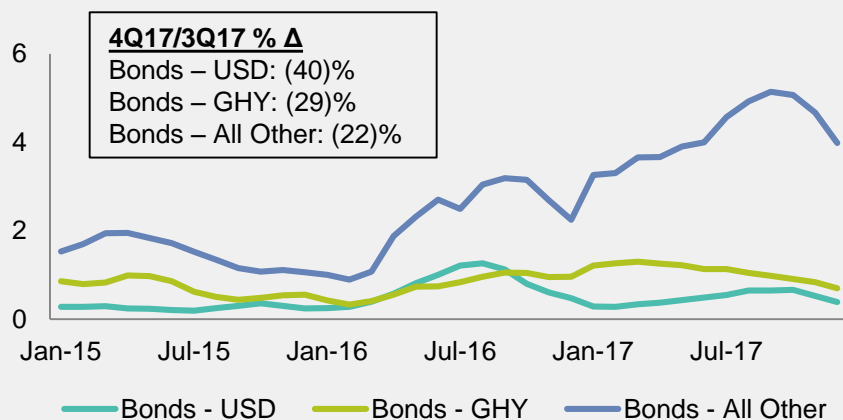
Retail Highlights

Diverse Array of AB Funds with \$100M+ Net Flows in 2017

Equity & Multi Asset	Fixed Income
US Large Cap Growth	Global High Yield
Eurozone Equity	AB Income
Global Low Vol	Muni Tax Aware
European Equity	American Income
European Opportunity	Global Bond
International Growth	Mortgage Income
Emerging Markets Growth	Short Duration High Yield
Global Core Equity	Emerging Market Debt
Global Multi-Asset (DIMs)	European Income
Emerging Market Multi-Asset	Muni High Income
Multi-Asset Income Fund-of-Fund	Muni Income
	US Investment Grade Corporates

Asia ex Japan Industrywide Retail Bond Fund Sales⁽¹⁾

Trailing 3-Month Average January 2015 – December 2017 (\$B)



(1) Source: SalesWatch. As of December 31, 2017. (2) US excludes sub advisory.

2017 Highlights

Sales and Flow Momentum

- + 2017 gross sales of \$53.8B up +31% vs. 2016; best since 2012 record
 - + Y/Y sales increases in all regions: Asia Pac +50%, EMEA +48%, LatAm +71% and US⁽²⁾ +2%
 - + Active equity gross sales of \$14.5B up +67% vs. 2016
- + 2017 net inflows of +\$8.9B positive for 11 out of 12 months
 - + Positive active equity flows of +\$2.8B vs. outflows of -\$5.2B in 2016

A More Balanced and Diverse Business Versus 2012 Peak

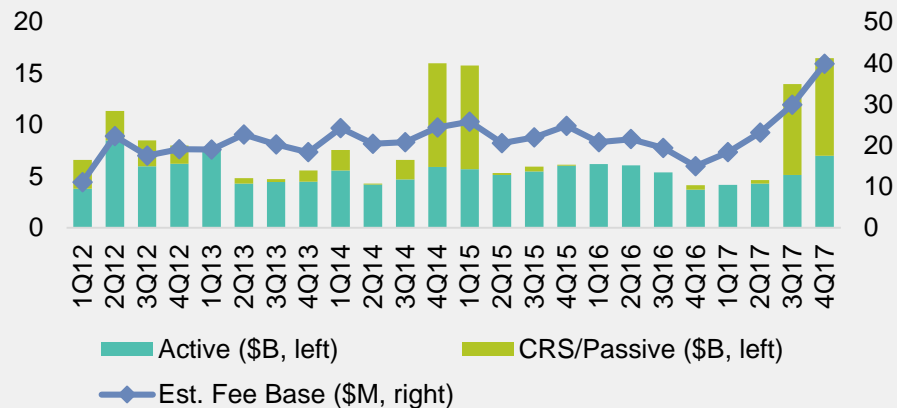
- + US⁽²⁾ 29% of 2017 total gross sales vs. 19% in 2012; LatAm 7% vs. 3%
- + Equity and Multi-Asset gross sales up +60% vs. 2012 and 2017 net flows of +\$3.2B compare to +\$200M in 2012
 - + \$18.2B gross sales 34% of total and +\$3.2B net inflows 36% of total in 2017

Performance and Asset Gathering Milestones

- + All Market Income Fund 5-star rating at 3-yr anniversary
- + Multi-Manager Target Date Fund hit 3-yr mark in December with \$700M
 - + 10 out of 11 vintages ranked 4/5-stars; top quartile showing for 3-yr
- + \$2.7B in net inflows in 2017 brings total Taiwan onshore assets to \$8B+
- + Top ranked AB retail funds by net flows in 2017
 - + Lux: Global High Yield #1 and American Income Portfolio #4
 - + US: Global Bond #4 and Large Cap Growth #7
- + FlexFee Funds set up at major custodians; expect to announce broker-dealer partner availability very soon

Institutional Highlights

\$16.5B Total Pipeline⁽¹⁾ At Quarter-End



2017 Highlights

Sales and Flow Momentum

- + 2017 gross sales of \$13.4B down -38% Y/Y – yet fee rate up +32%
- + Equity gross sales of \$3.2B in 2017 highest in 7 years
- + Full year net inflows of +\$3.6B; +\$9.0B swing vs. 2016

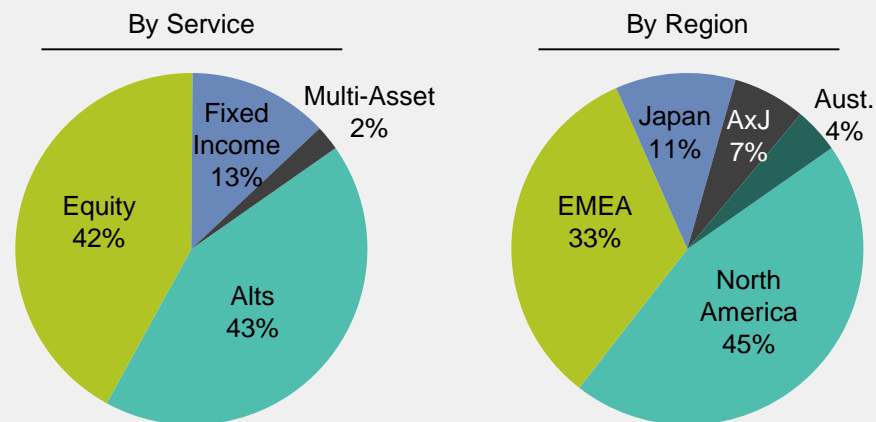
More Balanced New Business Mix

- + \$16.5B total pipeline at quarter-end; \$7.0B active and \$9.5B CRS/passive
- + \$3.8B of total pipeline adds during the quarter
- + Includes \$1.8B from equity and \$1.2B from alternatives
- + 88% of estimated pipeline revenue from equity/alts
- + Current estimated pipeline revenue up +167% vs. year-end 2016
- + Notable 4Q pipeline adds across asset classes:
 - + International Value: \$1.3B
 - + Commercial Real Estate Debt: \$820M
 - + Emerging Market Debt: \$750M
 - + Global Core Equity: \$400M
 - + Middle Market Direct Lending: \$200M
 - + AB Arya: \$145M
 - + Emerging Markets Strategic Core: \$95M

Positive Pipeline Fee Trends

- + Quarter-end annualized fee base highest in 5 years
- + Active pipeline average fee rate more than 3x the current channel rate

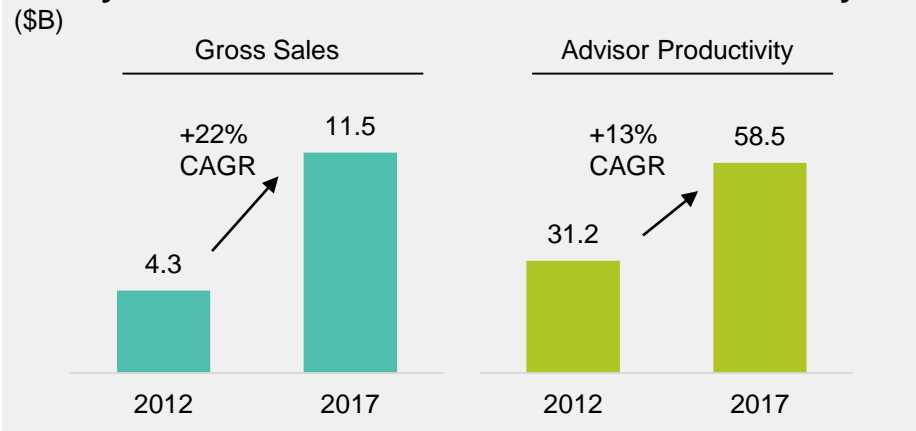
\$7.0B Active Pipeline Composition (ex CRS/Passive)



(1) Assets awarded and pending funding as of quarter-end

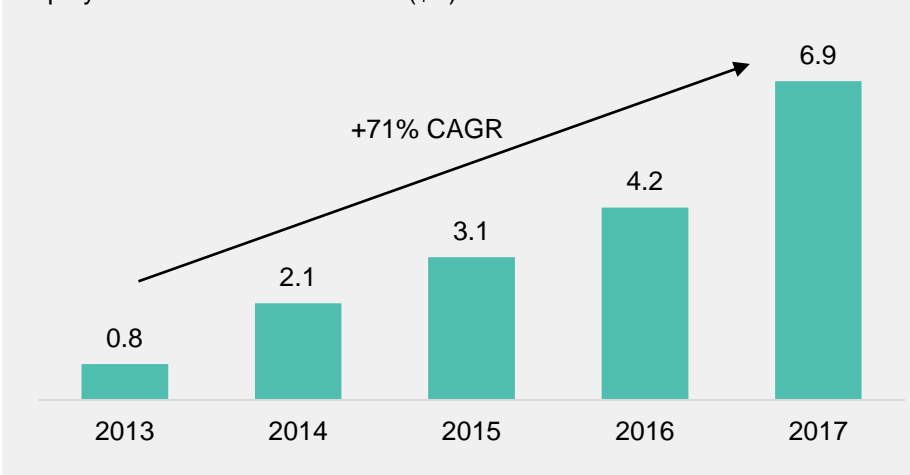
Private Wealth Management Highlights

Steady Growth in Gross Sales and Advisor Productivity (\$B)



Growth Accelerating in Targeted Services Assets

Deployed and Committed Assets (\$B)



2017 Highlights

Sales and Flow Momentum

- + Private Wealth AUM of \$92B highest year-end since 2007
- + Five straight years of growth in gross sales and advisor productivity
- + Positive net flows in every quarter for annual total of +\$700M

Appealing to a broader and more affluent client base

- + Targeted Services total assets of \$6.9B at year-end
 - + 60% of qualified clients have targeted services today vs. 30% last year
 - + \$2.7B of commitments in 2017 more than double \$1.1B in 2016

Advisor productivity continues to rise

- + Average advisor productivity up +88% vs. 2012
- + Advisors with \$100M+ in annual production nearly tripled vs. 2012

Improving the overall client experience

- + Launched first mobile app
 - + Developed in partnership with select group of forward-looking clients
 - + Provides streamlined access to account info, transaction status, content and advisor guidance
 - + In development: interactive planning, check deposit and aggregation
- + 2017 client survey results show increased satisfaction since 2015
 - + High response rate split fairly evenly among client cohorts
 - + 75% clients responded "very" to "extremely satisfied"

Bernstein Research Highlights

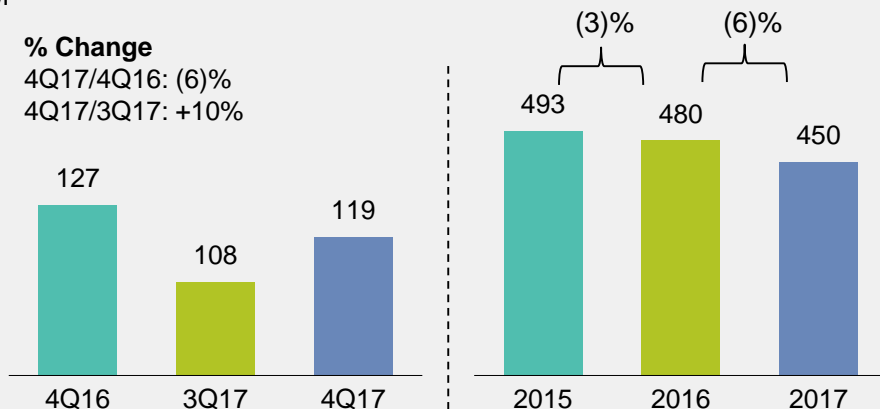
Bernstein Research Quarterly and Annual Revenues

\$M

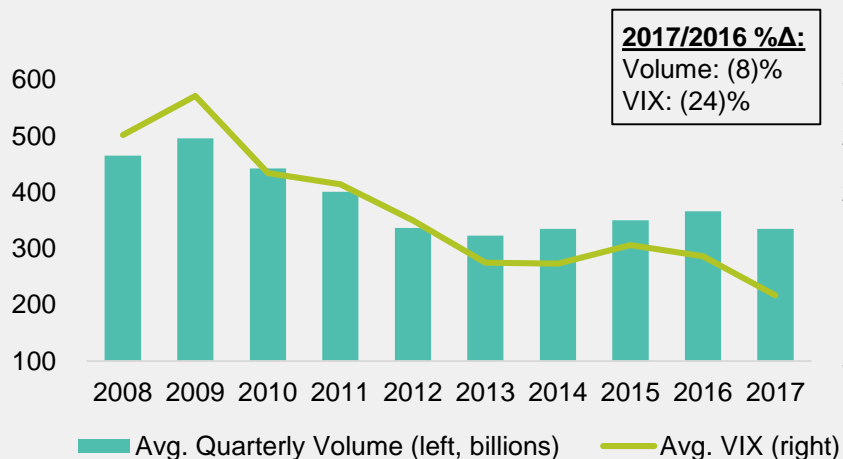
% Change

4Q17/4Q16: (6)%

4Q17/3Q17: +10%



US Market Volumes and VIX Remain Low⁽¹⁾



(1) Source: VIX – Bloomberg; US Market Volumes Tape A and C – Bats

Progress on Bernstein Research Strategy in 2017

Investing to remain the industry's research quality leader

- + 11 new analyst initiations in 2017 and ongoing macro research build-out
- + Strong showing in 2018 // European Research Team survey
 - + #6 overall in analyst rankings; 15 ranked analysts across 16 sectors
 - + Six #1 ranked analyst positions
- + Strong showing in leading annual survey of Asian portfolio managers
 - + #2 rankings for quality of analyst service and company & industry knowledge

Growing our industry-leading agency trading platform

- + Investing in European trading platform with new smart order router and connections to new MiFID “Systematic Internalizers”
- + Establishing a broker-dealer in Dublin in preparation of Brexit
- + Setting up a new India trading operation

Globalizing our research and trading capabilities

- + Continued investment in Asia is driving our growth in the region
 - + 2017 revenues up +15% vs. 2016
- + Navigating the MiFID implementation well
 - + Very smooth operational transition
 - + Price negotiations with MiFID clients continue to be constructive
 - + European trading quite resilient so far this year

Progress on Our Strategy in 2017

Firmwide Initiative

Deliver differentiated return streams to clients

Progress

- + Fixed Income: 91% of assets in outperforming services for 3-yr period; 82% for 1-yr and 90% for 5-yr
 - + Top quartile⁽¹⁾ 3-yr: AB Income, High Income, Mortgage Income, High Income Muni, Global Bond
- + Active equity: 85% of assets in outperforming services for 3-yr period; 66% for 1-yr and 91% for 5-yr
 - + Top quartile⁽¹⁾ 3-yr: European Equity, US Thematic, LC Growth, Global Core, Global Low Vol, Intl Value
- + 60% of rated US funds and 69% of rated Lux funds ranked 4/5-stars by Morningstar

Commercialize and scale our suite of services

- + Top Retail products by net flows a diverse mix of long-standing and newer offerings in 2017
 - + 23 Retail products with \$100M+ in 2017 net flows – 12 long-standing and 11 newer (introduced since '09)
 - + Taiwan multi-asset Discretionary Investment Management (DIM) suite net flows of \$2.5B in 2017
 - + Puts DIMs #2 among AB Retail services by net flows behind Global High Yield
- + Institutional momentum greatest in higher fee equity and alternatives offerings
 - + Gross sales up 88% in equities and 11% in alternatives in 2017
 - + Equity/alternatives represented 9 of the top 10 Institutional pipeline mandates by revenue at quarter-end
- + Private Wealth Targeted Services commitments of \$2.7B up 2X+ in 2017; total AUM now \$6.9B

Continuous and rigorous focus on expense management

- + Steadily improving operating leverage
 - + FY17 adjusted operating margin of 27.7% up 240 bps Y/Y for 6th straight annual increase
 - + Adjusted net revenue growth of +10% outpaced expense growth of 6%; incremental margin of 54%
 - + Full year adjusted comp ratio of 47.1% down 140 bps Y/Y for 3rd consecutive annual decline
- + Strict expense discipline keeping costs in check without impeding business development
 - + Promotion & Servicing expenses down -2% in FY17

(1) Source: Morningstar



John C. Weisenseel

Chief Financial Officer

Fourth Quarter and Full Year 2017 GAAP Income Statement

Income Statement (in US \$ Millions)	4Q17	4Q16	% Δ	FY 2017	FY 2016	% Δ
Base Fees	\$ 558	\$ 486	15%	\$ 2,106	\$ 1,901	11%
Performance Fees	70	29	141%	95	33	188%
Bernstein Research Services	119	127	(6%)	450	480	(6%)
Distribution Revenues	109	97	12%	412	384	7%
Dividends & Interest	20	17	18%	71	47	51%
Investment Gains (Losses)	24	8	200%	92	93	(1%)
Other Revenues	27	25	8%	98	100	(2%)
Total Revenues	927	789	17%	3,324	3,038	9%
Less: Interest Expense	8	3	167%	25	9	178%
Net Revenues	\$ 919	\$ 786	17%	\$ 3,299	\$ 3,029	9%
Compensation & Benefits						
Compensation & Fringes	\$ 326	\$ 295	11%	\$ 1,285	\$ 1,202	7%
Other Employment Costs	8	7	14%	29	28	4%
Total Compensation & Benefits	334	302	11%	1,314	1,230	7%
Promotion & Servicing	175	157	11%	657	621	6%
General & Administrative	118	97	22%	518	444	17%
Other	9	8	13%	36	11	227%
Total Operating Expenses	\$ 636	\$ 564	13%	\$ 2,525	\$ 2,306	9%
Operating Income	\$ 283	\$ 222	27%	\$ 774	\$ 723	7%
Operating Margin	29.9%	27.4%		21.7%	23.2%	
AB Holding GAAP Diluted Net Income Per Unit	\$ 0.84	\$ 0.77	9%	\$ 2.19	\$ 2.23	(2%)

Percentages are calculated using amounts rounded in millions.



Adjusted Financial Highlights: Fourth Quarter and Full Year 2017

In US \$ Millions; scales may differ

Adjusted Revenues



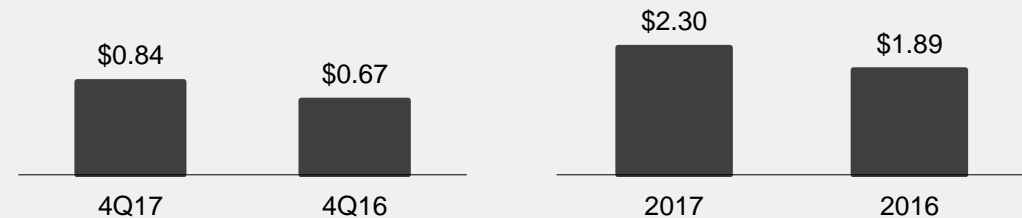
Adjusted Operating Income



Adjusted Operating Margin



Adjusted EPU



Please refer to pages 35-40 for additional information on the reconciliation of GAAP financial results to adjusted financial results.

Fourth Quarter and Full Year 2017 Adjusted Income Statement

Adjusted Income Statement (in US \$ Millions)	4Q17	4Q16	% Δ	FY 2017	FY 2016	% Δ
Base Fees	\$ 558	\$ 484	15%	\$ 2,100	\$ 1,892	11%
Performance Fees	80	29	176%	105	33	218%
Bernstein Research Services	119	127	(6%)	450	480	(6%)
Net Distribution Revenues (Expenses)	(10)	(8)	25%	(40)	(28)	43%
Investment Gains (Losses)	-	4	(100%)	3	2	50%
Other Revenues	31	29	7%	111	99	12%
Total Revenues	778	665	17%	2,729	2,478	10%
Less: Interest Expense	8	3	167%	25	9	178%
Adjusted Net Revenues	\$ 770	\$ 662	16%	\$ 2,704	\$ 2,469	10%
Compensation & Benefits						
Compensation & Fringes	\$ 324	\$ 295	10%	\$ 1,274	\$ 1,199	6%
Other Employment Costs	8	6	33%	28	27	4%
Total Compensation & Benefits	332	301	10%	1,302	1,226	6%
Promotion & Servicing	45	43	5%	170	174	(2%)
General & Administrative	112	100	12%	445	412	8%
Other	9	9	0%	37	33	12%
Total Adjusted Operating Expenses	\$ 498	\$ 453	10%	\$ 1,954	\$ 1,845	6%
Adjusted Operating Income	\$ 272	\$ 209	30%	\$ 750	\$ 624	20%
Adjusted Operating Margin	35.3%	31.6%		27.7%	25.3%	
AB Holding Adjusted Diluted Net Income Per Unit	\$ 0.84	\$ 0.67	25%	\$ 2.30	\$ 1.89	22%
Compensation Ratio	42.0%	44.6%		47.1%	48.5%	

Please refer to pages 35-40 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.

Fourth Quarter and Full Year 2017 Adjusted Income Statement Highlights

Revenues

- + Base Fees increased vs. 4Q16 and 2016 due primarily to higher average AUM in all three distribution channels and higher portfolio fee rate realization.
- + Performance Fees were up vs. 4Q16 and on a full year basis due mainly to higher fees earned on our Securitized Assets, Middle Market Lending, Arya Partners, US Concentrated Growth and US Select L/S Equity services.
- + Bernstein Research Services revenues decreased vs. 4Q16 and 2016 due to a decline in US trading activity and a volume mix shift to lower fee electronic trading in Europe. These decreases were partially offset by increased client activity in Asia and a weaker US dollar.
- + Net Distribution Expenses increased vs. 4Q16 and 2016 as the increase in distribution related payments and promotional fees in Asia outpaced the increase in distribution revenues and decline in amortization of deferred sales commission.
- + For 4Q17, minimal seed investment gains were offset by broker dealer investment losses. For FY 2017, seed investment gains exceeded broker dealer investment losses.
- + An increase in Dividend & Interest Revenue related to broker dealer investments contributed to the gains in Other Revenues vs. both prior periods.

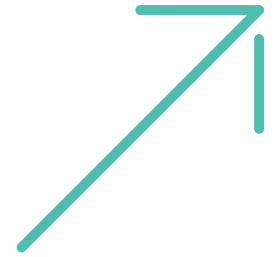
Expenses

- + The Adjusted Compensation Ratio was 42.0% in 4Q17 vs. 44.6% in 4Q16, and 47.1% for full year 2017 compared to 48.5% in 2016.
- + Total Compensation & Benefits increased 10% vs 4Q16 and 6% vs. 2016 due primarily to higher incentive compensation accruals resulting from higher revenues.
- + The increase in Promotion & Servicing expenses vs. 4Q16 was driven by higher trade execution and marketing costs. The decrease vs. 2016 is due primarily to lower T&E combined with lower transfer fees related to the loss of the Rhode Island college savings plan investment mandate.
- + G&A expenses were up vs. 4Q16 and 2016 due to higher professional fees, claims processing, technology expenses and foreign exchange translation losses. Both the fourth quarter and full year comparisons are distorted by non-recurring items.
- + Other expenses increased on a full year basis due mainly to higher interest expense.

Operating Results

- + Adjusted Operating Income increased 30% vs. 4Q16 and 20% vs. 2016 due to an increase in revenues outpacing the growth in operating expenses.
- + Adjusted Margin was 35.3% in 4Q17, up from 31.6% in 4Q16. For the full year 2017, the Adjusted Margin was 27.7% compared to 25.3% in 2016.

Please refer to pages 35-40 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.



Q & A



APPENDIX

Institutional Composite Relative Performance vs. Benchmarks

Periods Ended December 31, 2017

Service	4Q17	1-Yr	3-Yr	5-Yr	10-Yr	Benchmark
Equity						
Emerging Markets Value	(1.4)	(7.4)	(1.3)	(0.8)	(0.8)	MSCI EM
Global Strategic Value	(1.0)	(1.5)	(0.2)	2.7	(2.6)	MSCI ACWI
US Small & Mid Cap Value	2.0	3.6	1.7	2.7	2.0	Russell 2500 Value
US Strategic Value	1.3	1.0	(2.6)	(0.2)	(2.4)	Russell 1000 Value
US Small Cap Growth	3.2	13.8	3.3	1.2	2.0	Russell 2000 Growth
US Large Cap Growth	(0.6)	2.7	1.8	2.4	0.0	Russell 1000 Growth
US Small & Mid Cap Growth	2.8	9.1	1.3	0.0	1.7	Russell 2500 Growth
Concentrated US Growth	(2.3)	2.7	(0.7)	1.0	2.4	S&P 500
Select US Equity	1.5	1.5	0.1	0.2	2.6	S&P 500
Global Core Equity	0.7	2.4	1.3	1.6	N/A	MSCI ACWI
Fixed Income						
Global High Income	0.1	0.8	(0.6)	0.0	(0.2)	Bloomberg Barclays Global High Yield - Hedged
Global Fixed Income	0.3	0.2	(0.5)	(0.2)	0.4	JPM Government Bond Global - Hedged
US Strategic Core Plus	0.1	0.8	1.1	0.9	1.0	Bloomberg Barclays US Aggregate
Emerging Market Debt	(0.6)	1.7	0.4	0.3	1.0	JPM EMBI Global
Global Plus	(0.3)	0.6	0.8	0.5	1.1	Bloomberg Barclays Global Aggregate - Hedged

Performance is preliminary and as of December 31, 2017. Investment performance of composites is presented before investment management fees. Periods of more than one year are annualized. The information in this table is provided solely for use in connection with this presentation and is not directed toward existing or potential investment advisory clients of AB. Global High Income, Global Fixed Income and Global Plus are hedged to USD.

Retail Mutual Funds Relative Performance vs. Morningstar Average

Service	Periods Ended December 31, 2017					Morningstar Average
	4Q17	1-Yr	3-Yr	5-Yr	10-Yr	
Equity						
International Value	(0.4)	3.1	1.8	1.5	(2.7)	Foreign Large Value
Relative Value	0.3	3.1	1.8	1.3	0.3	Large Value
Discovery Value	0.7	(0.2)	1.8	1.6	1.8	Mid-Cap Value
US Value	0.3	(2.2)	(3.2)	(1.0)	(2.5)	Large Value
Sustainable Global Thematic	2.2	13.9	4.4	2.6	0.3	World Large Stock
International Global Thematic	(1.5)	4.0	(1.8)	(1.8)	2.0	Foreign Large Growth
Large Cap Growth ⁽¹⁾	0.6	4.0	3.5	3.3	3.1	Large Growth
Emerging Markets Growth	(2.1)	2.6	2.2	3.4	0.7	Global Emerging Markets Equity
Growth ⁽¹⁾	1.5	6.5	3.1	2.4	0.4	Large Growth
Discovery Growth	3.0	8.8	2.1	0.9	1.9	Mid-Cap Growth
Fixed Income						
Global High Yield	(0.1)	0.7	0.7	0.4	1.1	Global High Yield Bond
American Income Portfolio	0.0	(0.8)	0.9	0.7	2.3	USD Flexible Bond
Global Bond	(0.2)	(3.8)	1.1	2.0	1.3	World Bond
High Income	(0.2)	1.7	1.4	1.3	N/A	High Yield Bond

(1) Performance figures other than 4Q17, One Year and Three Year positively affected by class action settlement proceeds.

As of December 31, 2017. Fund returns are based on Advisor Class shares. Where Advisor Class doesn't exist, Class I is used. All fees and expenses related to the operation of the Fund have been deducted, but returns do not reflect sales charges. The information in this table is provided solely for use in connection with this presentation, and is not directed toward existing or potential investment advisory clients of AB.

Assets Under Management: 4Q17

(US \$ Billions)

	At December 31, 2017				At Sept. 30, 2017
	Institutions	Retail	Private Wealth	Total	Total
Equity					
Actively Managed	\$ 33	\$ 58	\$ 48	\$ 139	\$ 132
Passive ⁽¹⁾	22	32	-	54	52
Total Equity	55	90	48	193	184
Fixed Income					
Taxable	163	74	11	248	243
Tax-Exempt	1	15	24	40	39
Passive ⁽¹⁾	-	10	-	10	10
Total Fixed Income	164	99	35	298	292
Other ⁽²⁾	50	4	9	63	59
Total	\$ 269	\$ 193	\$ 92	\$ 554	\$ 535
	At Sept. 30, 2017				
Total	\$ 260	\$ 186	\$ 89	\$ 535	

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.



Three Months Ended 12/31/17: AUM Roll-Forward by Distribution Channel

In US \$ Billions Investment Service:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Investment Performance	Net Change	End of Period
Institutions								
US	134.4	0.7	(0.4)	1.3	1.6	2.5	4.1	138.5
Global and Non-US	125.6	2.8	(0.7)	(0.7)	1.4	3.8	5.2	130.8
Total Institutions	260.0	3.5	(1.1)	0.6	3.0	6.3	9.3	269.3
Retail								
US	87.7	5.0	(3.0)	(1.3)	0.7	3.9	4.6	92.3
Global and Non-US	98.0	7.9	(7.2)	(0.4)	0.3	2.3	2.6	100.6
Total Retail	185.7	12.9	(10.2)	(1.7)	1.0	6.2	7.2	192.9
Private Wealth Management								
US	58.9	2.0	(1.9)	(0.2)	(0.1)	1.9	1.8	60.7
Global and Non-US	30.3	0.9	(0.8)	0.2	0.3	1.0	1.3	31.6
Total Private Wealth	89.2	2.9	(2.7)	-	0.2	2.9	3.1	92.3
Firmwide								
US	281.0	7.7	(5.3)	(0.2)	2.2	8.3	10.5	291.5
Global and Non-US	253.9	11.6	(8.7)	(0.9)	2.0	7.1	9.1	263.0
Total Firmwide	534.9	19.3	(14.0)	(1.1)	4.2	15.4	19.6	554.5

Twelve Months Ended 12/31/17: AUM Roll-Forward by Distribution Channel

In US \$ Billions	Beginning	Sales/New	Redemptions/	Net Cash	Net	Investment	Net	End
Investment Service:	of Period	Accounts	Terminations	Flows	Flows	Performance	Change	of Period
Institutions								
US	129.5	4.1	(7.5)	2.4	(1.0)	10.0	9.0	138.5
Global and Non-US	109.8	9.3	(4.0)	(0.7)	4.6	16.4	21.0	130.8
Total Institutions	239.3	13.4	(11.5)	1.7	3.6	26.4	30.0	269.3
Retail								
US	80.9	16.5	(12.7)	(4.9)	(1.1)	12.5	11.4	92.3
Global and Non-US	79.3	37.3	(25.9)	(1.4)	10.0	11.3	21.3	100.6
Total Retail	160.2	53.8	(38.6)	(6.3)	8.9	23.8	32.7	192.9
Private Wealth Management								
US	54.9	7.9	(7.5)	(0.6)	(0.2)	6.0	5.8	60.7
Global and Non-US	25.8	3.6	(3.1)	0.4	0.9	4.9	5.8	31.6
Total Private Wealth	80.7	11.5	(10.6)	(0.2)	0.7	10.9	11.6	92.3
Firmwide								
US	265.3	28.5	(27.7)	(3.1)	(2.3)	28.5	26.2	291.5
Global and Non-US	214.9	50.2	(33.0)	(1.7)	15.5	32.6	48.1	263.0
Total Firmwide	480.2	78.7	(60.7)	(4.8)	13.2	61.1	74.3	554.5

Three Months Ended 12/31/17: AUM Roll-Forward by Investment Service

In US \$ Billions Investment Service:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Investment Performance	Net Change	End of Period
Equity Active								
US	70.9	2.9	(2.8)	(1.0)	(0.9)	4.8	3.9	74.8
Global and Non-US	60.8	3.1	(2.4)	0.2	0.9	2.9	3.8	64.6
Total Equity Active	131.7	6.0	(5.2)	(0.8)	-	7.7	7.7	139.4
Equity Passive ⁽¹⁾								
US	40.6	-	-	(1.2)	(1.2)	2.5	1.3	41.9
Global and Non-US	11.7	-	(0.1)	(0.1)	(0.2)	0.9	0.7	12.4
Total Equity Passive ⁽¹⁾	52.3	-	(0.1)	(1.3)	(1.4)	3.4	2.0	54.3
Total Equity	184.0	6.0	(5.3)	(2.1)	(1.4)	11.1	9.7	193.7
Fixed Income - Taxable								
US	114.0	1.8	(1.0)	2.0	2.8	0.7	3.5	117.5
Global and Non-US	129.0	7.1	(6.0)	(1.0)	0.1	1.3	1.4	130.4
Total Fixed Income - Taxable	243.0	8.9	(7.0)	1.0	2.9	2.0	4.9	247.9
Fixed Income - Tax-Exempt								
US	39.4	2.2	(1.2)	(0.1)	0.9	0.1	1.0	40.4
Global and Non-US	-	-	-	-	-	-	-	-
Total Fixed Income - Tax-Exempt	39.4	2.2	(1.2)	(0.1)	0.9	0.1	1.0	40.4
Fixed Income Passive ⁽¹⁾								
US	5.2	-	(0.1)	0.1	-	-	-	5.2
Global and Non-US	4.7	-	-	-	-	-	-	4.7
Total Fixed Income Passive ⁽¹⁾	9.9	-	(0.1)	0.1	-	-	-	9.9
Total Fixed Income	292.3	11.1	(8.3)	1.0	3.8	2.1	5.9	298.2
Other ⁽²⁾								
US	10.9	0.8	(0.2)	-	0.6	0.2	0.8	11.7
Global and Non-US	47.7	1.4	(0.2)	-	1.2	2.0	3.2	50.9
Total Other⁽²⁾	58.6	2.2	(0.4)	-	1.8	2.2	4.0	62.6
Firmwide								
US	281.0	7.7	(5.3)	(0.2)	2.2	8.3	10.5	291.5
Global and Non-US	253.9	11.6	(8.7)	(0.9)	2.0	7.1	9.1	263.0
Total Firmwide	534.9	19.3	(14.0)	(1.1)	4.2	15.4	19.6	554.5

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.



Twelve Months Ended 12/31/17: AUM Roll-Forward by Investment Service

In US \$ Billions Investment Service:	Beginning of Period	Sales/New Accounts	Redemptions/ Terminations	Net Cash Flows	Net Flows	Investment Performance	Net Change	End of Period
Equity Active								
US	64.3	11.1	(11.5)	(3.2)	(3.6)	14.1	10.5	74.8
Global and Non-US	47.6	10.8	(7.5)	1.1	4.4	12.6	17.0	64.6
Total Equity Active	111.9	21.9	(19.0)	(2.1)	0.8	26.7	27.5	139.4
Equity Passive ⁽¹⁾								
US	37.3	0.8	(0.1)	(3.6)	(2.9)	7.5	4.6	41.9
Global and Non-US	10.8	0.3	(1.3)	(0.4)	(1.4)	3.0	1.6	12.4
Total Equity Passive ⁽¹⁾	48.1	1.1	(1.4)	(4.0)	(4.3)	10.5	6.2	54.3
Total Equity	160.0	23.0	(20.4)	(6.1)	(3.5)	37.2	33.7	193.7
Fixed Income - Taxable								
US	110.5	6.3	(7.7)	4.1	2.7	4.3	7.0	117.5
Global and Non-US	110.4	34.8	(22.1)	(2.6)	10.1	9.9	20.0	130.4
Total Fixed Income - Taxable	220.9	41.1	(29.8)	1.5	12.8	14.2	27.0	247.9
Fixed Income - Tax-Exempt								
US	36.9	7.9	(5.9)	(0.1)	1.9	1.6	3.5	40.4
Global and Non-US	-	-	-	-	-	-	-	-
Total Fixed Income - Tax-Exempt	36.9	7.9	(5.9)	(0.1)	1.9	1.6	3.5	40.4
Fixed Income Passive ⁽¹⁾								
US	6.6	-	(1.3)	(0.2)	(1.5)	0.1	(1.4)	5.2
Global and Non-US	4.5	0.1	(0.5)	0.2	(0.2)	0.4	0.2	4.7
Total Fixed Income Passive ⁽¹⁾	11.1	0.1	(1.8)	-	(1.7)	0.5	(1.2)	9.9
Total Fixed Income	268.9	49.1	(37.5)	1.4	13.0	16.3	29.3	298.2
Other ⁽²⁾								
US	9.7	2.4	(1.2)	(0.1)	1.1	0.9	2.0	11.7
Global and Non-US	41.6	4.2	(1.6)	-	2.6	6.7	9.3	50.9
Total Other⁽²⁾	51.3	6.6	(2.8)	(0.1)	3.7	7.6	11.3	62.6
Firmwide								
US	265.3	28.5	(27.7)	(3.1)	(2.3)	28.5	26.2	291.5
Global and Non-US	214.9	50.2	(33.0)	(1.7)	15.5	32.6	48.1	263.0
Total Firmwide	480.2	78.7	(60.7)	(4.8)	13.2	61.1	74.3	554.5

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.



Active vs. Passive Net Flows

Three Months Ended 12/31/17

	Actively Managed	Passively Managed ⁽¹⁾	Total
Equity	\$0.0	(\$1.4)	(\$1.4)
Fixed Income	3.8	-	3.8
Other ⁽²⁾	1.7	0.1	1.8
Total	\$5.5	(\$1.3)	\$4.2

Twelve Months Ended 12/31/17

	Actively Managed	Passively Managed ⁽¹⁾	Total
Equity	\$0.8	(\$4.3)	(\$3.5)
Fixed Income	14.7	(1.7)	13.0
Other ⁽²⁾	3.6	0.1	3.7
Total	\$19.1	(\$5.9)	\$13.2

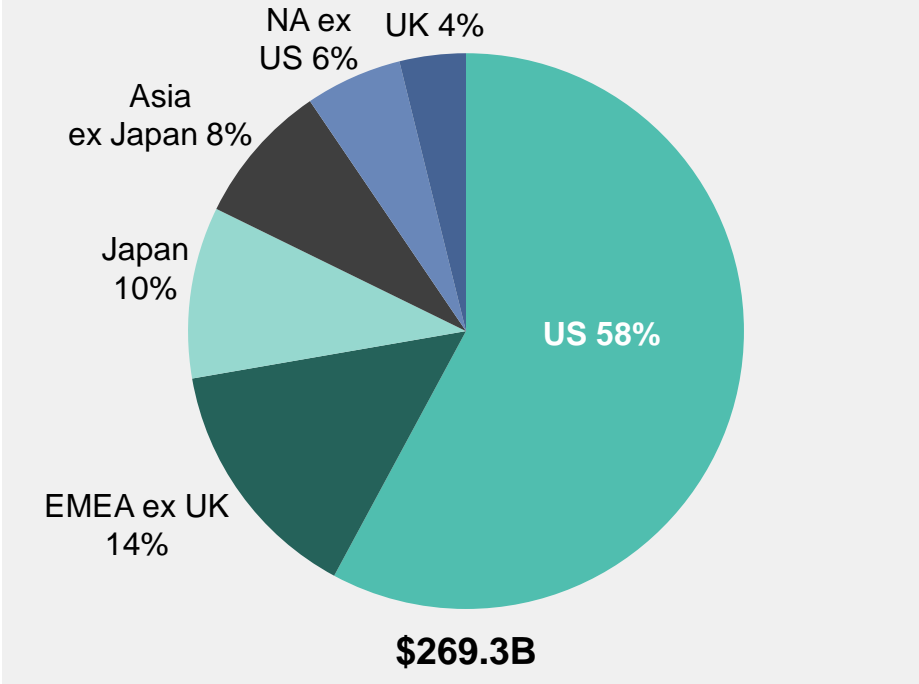
(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.

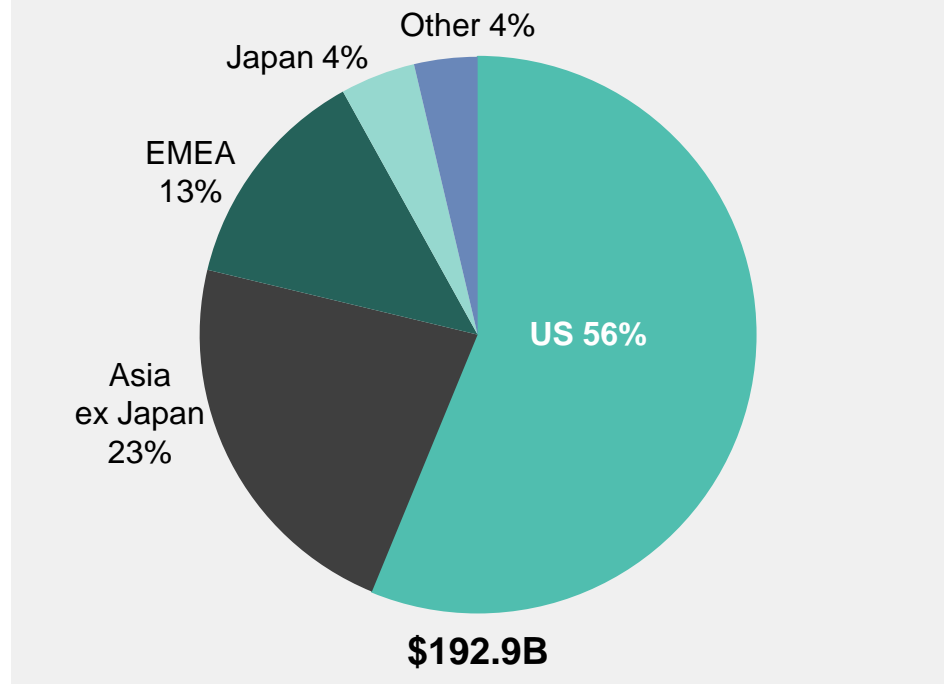


AUM by Region

Institutional



Retail



As of December 31, 2017
By client domicile



Fourth Quarter and Full Year 2017 Adjusted Advisory Fees

	4Q17	4Q16	% Δ	FY 2017	FY 2016	% Δ
Ending AUM (\$ Billions)	\$555	\$480	16%	\$555	\$480	16%
Average AUM (\$ Billions)	\$545	\$483	13%	\$518	\$480	8%

By Fee Type (\$ Millions):

Adjusted Base Fees	\$558	\$484	15%	\$2,100	\$1,892	11%
Adjusted Performance Fees	80	29	176%	105	33	218%
Total	\$638	\$513	24%	\$2,205	\$1,925	15%

Adjusted Base Fees By Channel (\$ Millions):

Institutions	\$111	\$102	9%	\$428	\$403	6%
Retail	248	205	21%	918	797	15%
Private Wealth	199	177	12%	754	692	9%
Total	\$558	\$484	15%	\$2,100	\$1,892	11%

Fourth Quarter and Full Year 2017 GAAP Income Statement

In US \$ Millions (except EPU)	4Q17	4Q16	% Δ	FY 2017	FY 2016	% Δ
Net Revenues	\$ 919	\$ 786	17%	\$ 3,299	\$ 3,029	9%
Operating Expenses	636	564	13%	2,525	2,306	9%
Operating Income	283	222	27%	774	723	7%
Net Income Attributable to AB Unitholders	246	225	9%	662	673	(2%)
AB Holding GAAP Diluted Net Income per Unit	\$0.84	\$0.77	9%	\$2.19	\$2.23	(2%)
AB Holding Distribution Per Unit	\$0.84	\$0.67	25%	\$2.30	\$1.92	20%

Percentages are calculated using amounts rounded to the nearest million.



Consolidated Balance Sheet

In US \$ Millions

Assets	December 31, 2017	December 31, 2016
Cash and cash equivalents	\$ 672	\$ 657
Cash and securities, segregated	816	946
Receivables, net	2,183	2,120
Investments:		
Long-term incentive compensation-related	66	68
Other	378	373
Assets of consolidated variable interest entities	1,608	956
Goodwill	3,067	3,067
Intangible assets, net	106	135
Deferred sales commissions, net	30	64
Other (incl. furniture & equipment, net)	369	354
Total Assets	\$ 9,295	\$ 8,740
Liabilities and Capital		
Liabilities:		
Payables	\$ 2,580	\$ 2,792
Accounts payable and accrued expenses	516	430
Liabilities of consolidated variable interest entities	698	293
Accrued compensation and benefits	270	251
Debt	566	513
Total Liabilities	4,630	4,279
Redeemable non-controlling interest	602	393
Partners' capital attributable to AllianceBernstein Unitholders	4,061	4,032
Non-controlling interests in consolidated entities	2	36
Total Capital	4,063	4,068
Total Liabilities and Capital	\$ 9,295	\$ 8,740

Consolidated Statement of Cash Flows

In US \$ Millions

Twelve Months Ended

	Dec. 31, 2017	Dec. 31, 2016
Net Income	\$ 721	\$ 695
Non-cash items: Amortization of deferred sales commissions	32	41
Non-cash long-term incentive compensation expense	185	152
Depreciation and other amortization	67	59
Unrealized losses/(gains) on investments	4	(26)
Unrealized (gains) of consolidated VIEs	(36)	(31)
Other, net	13	9
Changes in assets and liabilities	(341)	649
Net cash provided by operating activities	645	1,548
Proceeds (purchases) of investments, net	-	1
Purchases of furniture, equipment, and leasehold improvements, net	(39)	(37)
Purchase of intangible asset	-	(2)
Purchases of businesses, net of cash acquired	-	(21)
Net cash used in investing activities	(39)	(59)
(Repayment) of commercial paper, net	(29)	(72)
Proceeds from bank loans	75	-
Increase (Decrease) in overdrafts payable	63	(85)
Distributions to General Partner and Unitholders	(644)	(538)
Contributions to non-controlling interests of consolidated VIEs	(43)	-
Redemptions of non-controlling interests of consolidated VIEs, net	163	(133)
Payments of contingent payment arrangements	(8)	(6)
Additional investments by Holding with proceeds from exercise of compensatory options to buy Holding Units	20	6
Purchases of AB Holding Units to fund long-term incentive compensation plan awards, net	(220)	(236)
Other, net	(1)	2
Net cash used in financing activities	(624)	(1,062)
Effect of exchange rate changes on cash and cash equivalents	22	(10)
Net increase in cash and cash equivalents	4	417
Cash and cash equivalents at the beginning of period	994	577
Cash and cash equivalents at the end of period	\$ 998	\$ 994

AB Holding Financial Results

In US \$ Millions (exclucing per Unit amounts)	4Q17	4Q16	% Δ	FY 2017	FY 2016	% Δ
AB						
Net Income Attributable to AllianceBernstein	\$246	\$225	9%	\$662	\$673	(2%)
Weighted Average Equity Ownership Interest	34.8%	35.0%		35.1%	35.6%	
AB Holding						
Equity in Net Income Attributable to AB	\$86	\$79	9%	\$232	\$240	(3%)
Income Taxes	7	6	17%	25	23	9%
Net Income	\$79	\$73	8%	\$207	\$217	(5%)
Diluted Net Income Per Unit, GAAP basis	\$0.84	\$0.77	9%	\$2.19	\$2.23	(2%)
Distributions Per Unit	\$0.84	\$0.67	25%	\$2.30	\$1.92	20%
Adjusted Diluted Net Income Per Unit	\$0.84	\$0.67	25%	\$2.30	\$1.89	22%

Please refer to pages 35-40 for additional information on the reconciliation of GAAP financial results to adjusted financial results. Percentages are calculated using amounts rounded in millions.

Fourth Quarter 2017 GAAP to Non-GAAP Reconciliation

Fourth Quarter 2017 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments									Non-GAAP
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)	Income Taxes (I)	
Investment advisory and services fees	\$ 627,839	(1,095)		10,744						\$ 637,488
Bernstein research services	119,322									119,322
Distribution revenues	109,319	(119,814)		5						(10,490)
Dividend and interest income	20,139		(1,515)	(3,071)						15,553
Investment gains (losses)	23,981		(977)	(22,526)						478
Other revenues	26,508	(9,569)		(1,184)						15,755
Total revenues	927,108	(119,814)	(10,664)	(2,492)	(16,032)	-	-	-	-	778,106
Less: interest expense	7,967									7,967
Net revenues	919,141	(119,814)	(10,664)	(2,492)	(16,032)	-	-	-	-	770,139
Employee compensation and benefits	334,082		(2,389)							331,693
Promotion and servicing	174,669	(119,814)	(9,425)							45,430
General and administrative	118,362		(1,239)	(7,692)	2,732					112,163
Contingent payment arrangements	52					-				52
Interest on borrowings	1,966									1,966
Amortization of intangible assets	6,975									6,975
Net income (loss) of consolidated entities attributable to non-controlling interests	-							44	-	44
Total expenses	636,106	(119,814)	(10,664)	(2,389)	(7,692)	2,732	-	-	44	498,323
Operating income	283,035	-	-	(103)	(8,340)	(2,732)	-	-	(44)	271,816
Income taxes	28,241			(10)	(832)	(272)				27,127
Net income	254,794			(93)	(7,508)	(2,460)			(44)	244,689
Net income (loss) of consolidated entities attributable to non-controlling interests	8,384				(8,340)			(44)		-
Net income attributable to AB Unitholders	\$ 246,410	\$ -	\$ -	\$ (93)	\$ 832	\$ (2,460)	\$ -	\$ -	\$ -	\$ 244,689

Please refer to page 40 for notes describing the adjustments.



Third Quarter 2017 GAAP to Non-GAAP Reconciliation

Third Quarter 2017 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments									Non-GAAP	
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)	Income Taxes (I)		
Investment advisory and services fees	\$ 543,107	(1,018)		(207)						\$ 541,882	
Bernstein research services	108,385									108,385	
Distribution revenues	106,042	(115,912)								(9,870)	
Dividend and interest income	17,619		(130)	(4,021)						13,468	
Investment gains (losses)	18,808		(2,055)	(18,486)				(361)		(2,094)	
Other revenues	24,902	(8,741)		(655)						15,506	
Total revenues	818,863	(115,912)	(9,759)	(2,185)	(23,369)	-	-	-	(361)	667,277	
Less: interest expense	6,713									6,713	
Net revenues	812,150	(115,912)	(9,759)	(2,185)	(23,369)	-	-	-	(361)	660,564	
Employee compensation and benefits	329,777		(2,514)							327,263	
Promotion and servicing	164,001	(115,912)	(8,598)							39,491	
General and administrative	147,367		(1,161)	(6,887)	(18,655)		(1,462)			119,202	
Contingent payment arrangements	(140)					193				53	
Interest on borrowings	2,105									2,105	
Amortization of intangible assets	7,013									7,013	
Net income (loss) of consolidated entities attributable to non-controlling interests								44	-	44	
Total expenses	650,123	(115,912)	(9,759)	(2,514)	(6,887)	(18,655)	193	(1,462)	44	495,171	
Operating income	162,027	-	-	329	(16,482)	18,655	(193)	1,462	(405)	165,393	
Income taxes	4,547			19	(1,015)	1,149	(12)	90	(23)	10,188	
Net income	157,480			310	(15,467)	17,506	(181)	1,372	(382)	155,205	
Net income (loss) of consolidated entities attributable to non-controlling interests	16,526				(16,482)			(44)		-	
Net income attributable to AB Unitholders	\$ 140,954	\$ -	\$ -	\$ 310	\$ 1,015	\$ 17,506	\$ (181)	\$ 1,372	\$ (338)	\$ (5,433)	\$ 155,205

Please refer to page 40 for notes describing the adjustments.



Fourth Quarter 2016 GAAP to Non-GAAP Reconciliation

Fourth Quarter 2016 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

	GAAP	Adjustments								Non-GAAP	
		Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)		Income Taxes (I)
Investment advisory and services fees	\$ 515,616		(2,107)		51						\$ 513,560
Bernstein research services	127,472										127,472
Distribution revenues	96,766	(104,879)			69						(8,044)
Dividend and interest income	16,812			(1,212)	(3,052)						12,548
Investment gains (losses)	7,883			846	(5,197)						3,532
Other revenues	24,815		(8,575)		(231)						16,009
Total revenues	789,364	(104,879)	(10,682)	(366)	(8,360)	-	-	-	-	-	665,077
Less: interest expense	3,108										3,108
Net revenues	786,256	(104,879)	(10,682)	(366)	(8,360)	-	-	-	-	-	661,969
Employee compensation and benefits	301,723			(114)				(483)			301,126
Promotion and servicing	156,655	(104,879)	(8,433)								43,343
General and administrative	97,022		(2,249)		(1,631)	6,941		(31)			100,052
Contingent payment arrangements	178										178
Interest on borrowings	1,472										1,472
Amortization of intangible assets	6,967										6,967
Net income (loss) of consolidated entities attributable to non-controlling interests									(32)	-	(32)
Total expenses	564,017	(104,879)	(10,682)	(114)	(1,631)	6,941	-	(514)	(32)	-	453,106
Operating income	222,239	-	-	(252)	(6,729)	(6,941)	-	514	32	-	208,863
Income taxes	(8,996)			(14)		(392)		29		21,571	12,198
Net income	231,235			(238)	(6,729)	(6,549)		485	32	(21,571)	196,665
Net income (loss) of consolidated entities attributable to non-controlling interests	6,697				(6,729)				32		-
Net income attributable to AB Unitholders	\$ 224,538	\$ -	\$ -	\$ (238)	\$ -	\$ (6,549)	\$ -	\$ 485	\$ -	\$ (21,571)	\$ 196,665

Please refer to page 40 for notes describing the adjustments.

Full Year 2017 GAAP to Non-GAAP Reconciliation

Year Ended December 31, 2017 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments									Non-GAAP	
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)	Income Taxes (I)		
Investment advisory and services fees	\$ 2,200,400	(5,456)		10,283							\$ 2,205,227
Bernstein research services	449,919										449,919
Distribution revenues	412,063	(452,236)		120							(40,053)
Dividend and interest income	71,162		(1,954)	(18,221)							50,987
Investment gains (losses)	92,102		(7,937)	(76,568)				(4,592)			3,005
Other revenues	98,040	(35,075)		(2,869)							60,096
Total revenues	3,323,686	(452,236)	(9,891)	(87,255)	-	-	-	(4,592)	-	-	2,729,181
Less: interest expense	25,165										25,165
Net revenues	3,298,521	(452,236)	(9,891)	(87,255)	-	-	-	(4,592)	-	-	2,704,016
Employee compensation and benefits	1,313,469		(10,600)					(514)			1,302,355
Promotion and servicing	656,628	(452,236)	(34,504)								169,888
General and administrative	518,157		(6,027)	(29,149)	(36,669)		(1,498)				444,814
Contingent payment arrangements	267					193					460
Interest on borrowings	8,194										8,194
Amortization of intangible assets	27,896										27,896
Net income (loss) of consolidated entities attributable to non-controlling interests	-							291	-		291
Total expenses	2,524,611	(452,236)	(40,531)	(10,600)	(36,669)	193	(2,012)	291	-	-	1,953,898
Operating income	773,910	-	-	709	(58,106)	36,669	(193)	2,012	(4,883)	-	750,118
Income taxes	53,110			54	(4,463)	2,787	(15)	153	(350)	5,433	56,709
Net income	720,800			655	(53,643)	33,882	(178)	1,859	(4,533)	(5,433)	693,409
Net income (loss) of consolidated entities attributable to non-controlling interests	58,397				(58,106)				(291)		-
Net income attributable to AB Unitholders	\$ 662,403	\$ -	\$ -	\$ 655	\$ 4,463	\$ 33,882	\$ (178)	\$ 1,859	\$ (4,242)	\$ (5,433)	\$ 693,409

Please refer to page 40 for notes describing the adjustments.

Full Year 2016 GAAP to Non-GAAP Reconciliation

Year Ended December 31, 2016 GAAP to Non-GAAP Reconciliation

In US \$ Thousands

GAAP	Adjustments									Non-GAAP	
	Distribution Related Payments (A)	Pass Through Expenses (B)	Deferred Comp. Inv. (C)	Consol VIE (D)	Real Estate Credits (Charges) (E)	Contingent Payment Adjust. (F)	Acquisition-Related Expenses (G)	Other (H)	Income Taxes (I)		
Investment advisory and services fees	\$ 1,933,471	(8,674)		195							\$ 1,924,992
Bernstein research services	479,875										479,875
Distribution revenues	384,405	(412,673)		181							(28,087)
Dividend and interest income	46,939		(1,647)	(10,237)							35,055
Investment gains (losses)	93,353		(1,175)	(14,346)				(75,273)			2,559
Other revenues	99,859		(35,134)	(682)							64,043
Total revenues	3,037,902	(412,673)	(2,822)	(24,889)	-	-	-	(75,273)	-	-	2,478,437
Less: interest expense	9,123										9,123
Net revenues	3,028,779	(412,673)	(2,822)	(24,889)	-	-	-	(75,273)	-	-	2,469,314
Employee compensation and benefits	1,229,721		(3,542)				(501)				1,225,678
Promotion and servicing	621,211	(412,673)	(34,547)								173,991
General and administrative	443,851		(9,261)		(3,713)	(17,704)	(556)				412,617
Contingent payment arrangements	(20,245)						21,483				1,238
Interest on borrowings	4,765										4,765
Amortization of intangible assets	26,311										26,311
Net income (loss) of consolidated entities attributable to non-controlling interests	-							312			312
Total expenses	2,305,614	(412,673)	(3,542)	(3,713)	(17,704)	21,483	(1,057)	312	-	-	1,844,912
Operating income	723,165	-	720	(21,176)	17,704	(21,483)	1,057	(75,585)	-	-	624,402
Income taxes	28,319		50		1,221	(1,482)	73	(5,193)	21,571		44,559
Net income	694,846		670	(21,176)	16,483	(20,001)	984	(70,392)	(21,571)		579,843
Net income (loss) of consolidated entities attributable to non-controlling interests	21,488			(21,176)				(312)			-
Net income attributable to AB Unitholders	\$ 673,358	\$ -	\$ 670	\$ -	\$ 16,483	\$ (20,001)	\$ 984	\$ (70,080)	\$ (21,571)	\$ -	\$ 579,843

Please refer to page 40 for notes describing the adjustments.

AB Adjusted Financial Results Reconciliation

Notes to Consolidated Statements of Income and Supplemental Information (Unaudited)

- A. We offset distribution-related payments to third parties as well as amortization of deferred sales commissions against distribution revenues. Such presentation appropriately reflects the nature of these costs as pass-through payments to third parties who perform functions on behalf of our sponsored mutual funds and/or shareholders of these funds. Amortization of deferred sales commissions is offset against net revenues because such costs, over time, essentially offset distribution revenues earned by the company.
- B. We exclude additional pass-through expenses we incur (primarily through our transfer agency) that are reimbursed and recorded as fees in revenues. These fees have no impact on operating income, but they do have an impact on our operating margin. As such, we exclude these fees from adjusted net revenues.
- C. We exclude the impact on net revenues and compensation expense of the mark-to-market gains and losses (as well as the dividends and interest) associated with employee long-term incentive compensation-related investments.
- D. We adjust for the impact of consolidating certain company-sponsored investment funds by eliminating the consolidated company-sponsored investment funds revenues and expenses and including AB's revenues and expenses that were eliminated in consolidation.
- E. Real estate credits and charges are excluded since they are not considered part of our core ongoing operations.
- F. The recording of a change in estimate of the contingent consideration payable relating to our acquisitions is not considered part of our core operating results.
- G. Acquisition-related expenses have been excluded because they are not considered part of our core operating results when comparing financial results from period to period and to industry peers.
- H. For 2017, other consists of a realized gain on the exchange of software technology for an ownership stake in a third party provider of financial market data and trading tools. For 2016, other consists of a realized gain on the liquidation of our Jasper investment which was carried at cost. These items are excluded due to their non-recurring nature and are not considered part of our core operating results. In addition, the net income of joint ventures attributable to non-controlling interests is excluded because it does not reflect the economic interest attributable to AB.
- I. For 2017, the reversal of the 2016 deemed dividend income taxes payable reserve is not part of our core ongoing operations. For 2016, a reduction of the U.S. GAAP income tax liability for a fourth quarter 2016 change in estimate relating to the third quarter 2016 revision to income taxes and a reversal of a deferred tax liability relating to foreign translation adjustments are not part of our core ongoing operations.

Adjusted Operating Margin

Adjusted operating margin allows us to monitor our financial performance and efficiency from period to period without the volatility noted above in our discussion of adjusted operating income and to compare our performance to industry peers on a basis that better reflects our performance in our core business. Adjusted operating margin is derived by dividing adjusted operating income by adjusted net revenues.



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